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THE WHITE HOUSE

WASHINGTON

PRESIDENT'S FOREIGN INTELLIGENCE ADVISORY BOARD

DDI-3735-76

8 June 1976

Dear George:

Following your meeting with the Board on June 3, 1976, Bill Casey briefed the members on his recent efforts to assess the structure of the economic intelligence community and to evaluate the adequacy of its product. The Board pursued this subject at lunch with Secretary Simon, and I now want to provide you with the essence of this dialogue which dealt with: (1) the improvement of consumer guidance and feedback to the intelligence community; (2) technology transfer to the Communist Bloc; and (3) increasing the emphasis which is placed on multi-discipline, projective analysis.

One area warranting renewed attention is the means of improving communications between users and producers of intelligence. We recognize this to be of longstanding concern, towards the improvement of which a number of institutional mechanisms were created and subsequently abandoned because they did not sufficiently advance their purpose. It is widely accepted that with regard to economic topics, the refinement of requirements and the user's evaluation of intelligence community performance is of exceptional importance because the subject matter is so broad and the amount of data available is so enormous. To assist in an "intensification of consumer guidance and feedback," we have recommended to Secretary Simon that at appropriate intervals, principals of the Economic Policy Board schedule meetings with the DCI and his senior economic intelligence officers to focus on the objectives and adequacy of economic intelligence and on the flow of this information throughout those agencies of government which require it. We anticipate that you will be hearing shortly from Secretary Simon about this proposal.

Mr. Casey has reviewed a sampling of intelligence product dealing with the broad subject of technology transfer. He observed that there is not now available for policymakers a comprehensive analysis of the effects

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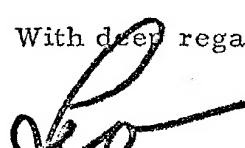
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of the flow of Western and Japanese technology and capital on Soviet society and its objectives. We are familiar with a variety of reports that deal with some facet of this issue such as "Military Implications of Technology Transfer to the Soviet Union" and "USSR Seeks to Build Advanced Semi-conductor Industry with Embargoed Western Machinery." However, we are in agreement that for the government to design an effective trade policy, within which it might wish to consider the application of restraints on capital flow toward and high technology trade with Bloc countries, our policymakers need to have an integrated, projective analysis encompassing political, military, economic and scientific considerations. We would like to propose that a major intelligence report on this subject be commissioned and produced at an early date.

In a more general sense, we observed that a preponderance of economic analysis at CIA relates to current intelligence production, and that many talented economists are precluded from reflective or longer range analyses because of ad hoc commitments and the very real demands of regular intelligence reporting. We are impressed with some of the studies produced by the Office of Political Research which do reflect projective assessments, and encourage the further development of this activity. However, these appear for the most part to represent the views of one or two analysts, as a methodology to enable individual expression. We recommend that consideration be given to establishing an analytic corps, insulated from daily pressures, for the purpose of addressing "trends" in a comprehensive and, most importantly, in a multi-disciplinary way.

We would appreciate your reaction and, of course, Bill would be pleased to discuss these matters further at your convenience.

With deep regard,



Leo Cherne
Chairman

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